

Message Text

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FM AMEMBASSY RANGOON

TO SECSTATE WASHDC 3271

INFO CINCPAC

AMCONSUL HONG KONG

AMEMBASSY KUALA LUMPUR

AMCONSUL MANDALAY

AMEMBASSY BANGKOK

DEA BANGKOK

AMCONSUL CHIAN MAI

AMEMBASSY NEW DELHI

AMEMBASSY DACCA

AMEMBASSY VIENTIANE

AMEMBASSY PRAGUE

USLO PEKING

AMEMBASSY BONN

AMEMBASSY KATHMANDU

AMEMBASSY TOKYO

C O N F I D E N T I A L SECTION 1 OF 3 RANGOON 0923

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1. GOVERNMENT PERSONNEL CHANGES ANNOUNCED (UNC)
THE PYITHU HLUTTAW (PARLIAMENT) CONCLUDED ITS

EIGHT-DAY MEETING MARCH 30 WITH THE CONFIRMATION OF IMPORTANT TOP-LEVEL PERSONNEL CHANGES. THE NEW PRIME MINISTER IS U MAUNG MAUNG KHA, WHO HAD PREVIOUSLY BEEN MINISTER FOR MINES AND LABOR. THE THREE OTHER IMPORTANT AND POLITICALLY SENSITIVE MINISTRIES TO CHANGE HANDS AND THEIR NEW INCUMBENTS ARE:

-- PLANNING AND FINANCE: U THAN SEIN, WHO HAD BEEN A BSPP SECRETARY AND COUNCIL OF STATE MEMBER.

-- HOME AND RELIGIOUS AFFAIRS: COL. SEIN LWIN, WHO HAD BEEN MINISTER FOR TRANSPORTATION AND COMMUNICATIONS.

-- INFORMATION: U KYI MAUNG, WHO ADDED THIS PORTFOLIO TO HIS PRESENT RESPONSIBILITIES AS MINISTER OF HEALTH.

FORMER PRIME MINISTER U SEIN WIN, FORMER DEPUTY PRIME MINISTER/MINISTER FOR PLANNING AND FINANCE U LWIN, AND FORMER INFORMATION MINISTER U LWIN WERE ALL MOVED UPSTAIRS TO THE PRESTIGIOUS BUT LESS IMPORTANT COUNCIL OF STATE. FORMER HOME MINISTER U KO KO IS REPORTED TO BE SLATED FOR THE AMBASSADORSHIP IN MOSCOW.

OTHERS INVOLVED IN THE CABINET SHUFFLE ARE:

-- U KYAW ZAW, SECRETARY OF THE BSPP CENTRAL EXECUTIVE COMMITTEE, AND FORMERLY A MEMBER OF THE COUNCIL OF CONFIDENTIAL

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STATE, WHO REPLACED NEW PRIME MINISTER MAUNG MAUNG KHA AS MINISTER FOR MINES AND LABOR; AND

-- U TUN LWIN, A MEMBER OF THE BSPP CENTRAL EXECUTIVE COMMITTEE AND FORMERLY OF THE COUNCIL OF STATE, WHO REPLACED NEW HOME MINISTER COL. SEIN LWIN AS MINISTER FOR TRANSPORTATION AND COMMUNICATIONS.

COMMENT: (CONF) THE OUSTER OF PRIME MINISTER U SEIN WIN AND DEPUTY PRIME MINISTER U LOWIN FROM THE BSPP CENTRAL COMMITTEE LAST FEBRUARY MADE IT UNLIKELY THAT THEY WOULD RETAIN THEIR CABINET POSITIONS. THEIR ELEVATION TO THE COUNCIL OF STATE IS PROBABLY MORE OF A CONSOLATION PRIZE THAN AN INDICATION THAT THEY HAVE RETAINED A SIGNIFICANT AMOUNT OF POWER. ALTHOUGH WE DO NOT EXPECT ANY MAJOR REVERSALS IN THE MORE PRAGMATIC ECONOMIC POLICIES WHICH THEY IMPLEMENTED, IT APPEARS THAT AT A MINIMUM THERE WILL BE NO EARLY ACCELERATION IN BURMA'S HALTING MOVEMENT TOWARD A MORE RATIONAL

ECONOMY, AND THE MOVEMENT COULD BE STALLED. U THAN SEIN, THE NEW PLANNING AND FINANCE MINISTER, DOES NOT HAVE ANY SIGNIFICANT ECONOMIC EXPERIENCE, AND HIS BACKGROUND AS A PARTY PROFESSIONAL DOES NOT BODE WELL FOR A SENSE OF ECONOMIC PRAGMATISM ON HIS PART. ON THE OTHER HAND, THE ULTIMATE DECISIONS WILL BE MADE BY NE WIN, NOT THE CABINET, AND HE WILL PROBABLY CONTINUE TO MAKE SUCH ECONOMIC CHANGES AS CIRCUMSTANCES (SUCH AS FISCAL NECESSITY AND WORLD BANK PRESSURE) MAY DEMAND.

2. PYITHU HLUTTAW EMPHASIZES ECONOMIC MATTERS (CONF)
ASIDE FROM CABINET CHANGES, THE MAIN EMPHASIS OF THE PYITHU HLUTTAW SESSION WAS ON ECONOMIC AFFAIRS. THIS WAS DUE TO THE FACT THAT THE 1977/78 BUDGET AND THE ECONOMIC PLAN FOR 1977/78, THE LAST YEAR OF THE PRESENT FOUR-YEAR PLAN, WERE ON THE AGENDA. THESE
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BILLS WERE PASSED, ALONG WITH OTHER LEGISLATION ESTABLISHING A 200-MILE ECONOMIC ZONE IN BURMA'S COASTAL WATERS AND CONFIRMING THE GUB'S EARLIER APPROVAL OF THE PROPOSED SECOND AMENDMENT OF IMF ARTICLES.

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DURING THE SESSION, OUTGOING PRIME MINISTER SEIN
LWIN AND MINISTER FOR PLANNING AND FINANCE U LWIN SPENT
CONSIDERABLE EFFORT POINTING OUT THE ECONOMIC PROGRESS
DURING THEIR TENURE AND JUSTIFYING ANY SHORTCOMINGS.
IN DOING SO, THEY PRESENTED SOME VERY GARBLED AND
DUBIOUS ECONOMIC DATA. FOR EXAMPLE, DEPENDING ON WHO
WAS SPEAKING AND THE DAY HE SPOKE, GDP IN FY 1975/76
EITHER GREW BY 6 PERCENT, 4.8 PERCENT OR 4.5 PERCENT;
THERE WAS EITHER A SMALL SURPLUS OR A SMALL DEFICIT
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IN THE 1976/77 BUDGET; AND THE RATE OF INFLATION
DECLINED BY AN OBVIOUSLY MISLEADING AMOUNT. THEY SEEMED
TO AGREE THAT PRELIMINARY FIGURES SHOW A REAL GDP GROWTH
OF ABOUT 6 PERCENT FOR 1976/77, BUT 6 PERCENT OVER WHAT
IS UNCLEAR.

IT IS UNFORTUNATE THAT THE OUTGOING MINISTERS FELT
IT WAS NECESSARY TO GARBLE THE FIGURES TO PRESENT THE
ECONOMY IN THE BEST POSSIBLE LIGHT, AS THIS WEAKENED
THEIR CASE. IN ACTUAL FACT, AT LEAST STATISTICALLY,
BURMA'S ECONOMY HAS SHOWN SOME IMPROVEMENT DURING THE PAST
TWO YEARS. CERTAINLY GDP GREW AT A FASTER RATE THAN AT
ANY TIME IN THE PAST DECADE; THERE HAS BEEN A SUBSTANTIAL
DECLINE IN THE RATE OF INFLATION; MONEY SUPPLY EXPANDED
AT A MUCH SLOWER PACE; AND THE BUDGET DEFICIT FOR 1976/77
(IF THERE WAS A DEFICIT) IS FAR BELOW THE K800 MILLION
ESTIMATED AT THIS TIME LAST YEAR.

AS IS USUALLY THE CASE WITH GUB ECONOMIC ANNOUNCE-
MENTS, THE FUTURE IS MADE TO BE MUCH CLEARER THAN THE
PAST. THE BUDGET DEFICIT FOR 1977/78 IS ESTIMATED AT
ABOUT (266 (\$39.7) MILLION; GDP IS SLATED TO GROW BY
6.6 PERCENT; CAPITAL INVESTMENT WILL INCREASE BY 35.3
PERCENT; PER CAPITA INCOME WILL BE UP 5.4 PERCENT; AND
PER CAPITA CONSUMPTION WILL RISE BY 4.6 PERCENT.

ALTHOUGH THERE ARE SOME MINOR REFORMS WRITTEN INTO THE BUDGET BILL, THE HLUTTAW POSTPONED DECISIONS ON ALL OTHER PROPOSED REFORM MEASURES INCLUDING THE OFT-MENTIONED AND OFT-POSTPONED MEASURE TO ENCOURAGE PRIVATE ENTERPRISE.

3. TERRORISTS ACTIVE AGAIN (LOU)

ON MARCH 28 A BOMB EXPLOSION OCCURRED IN FRONT OF A FILM DISTRIBUTION COMPANY IN DOWNTOWN RANGOON. THERE WERE 22 INJURED, AND SIX HAVE REPORTEDLY DIED. WE HAVE CONFIDENTIAL

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ALSO LEARNED THAT A HAND GRENADE WAS THROWN AT A RAILWAY STATION NEAR MOULMEIN ON MARCH 25 WHEN TWO TRAINS WERE ARRIVING. THE NUMBER OF CASUALTIES IS NOT KNOWN, BUT MANY PASSENGERS ARE BELIEVED TO HAVE BEEN INJURED. THE CULPRITS APPARENTLY ESCAPED IN BOTH CASES. HOWEVER, THE PRESS ANNOUNCED THAT AN "EXPATRIATE-DESTRUCTIONIST" WAS SENTENCED TO DEATH FOR HAVING EXPLODED THREE BOMBS FROM MAY TO NOVEMBER 1976. HE WAS SAID TO HAVE ATTENDED A "DESTRUCTIONIST" COURSE IN THAILAND.

4. NE WIN TO VISIT NEPAL (UNCL)

PRESIDENT NE WIN WILL PAY A "FRIENDLY GOODWILL VISIT" TO NEPAL IN EARLY APRIL AT THE INVITATION OF THE NEPALESE KING AND QUEEN.

COMMENT: (LOU) THIS IS A TRIP WHICH HAS BEEN ON NE WIN'S AGENDA FOR SOME TIME BUT HAS BEEN POSTPONED FOR VARIOUS REASONS. WE SEE NO PARTICULAR SIGNIFICANCE CONNECTED WITH IT.

5. JAPANESE DEPUTY FOREIGN MINISTER TO VISIT BURMA (LOU)

ACCORDING TO THE JAPANESE EMBASSY, DEPUTY FOREIGN MINISTER K. ARITA WILL VISIT BURMA APRIL 10-12 AS THE SPECIAL ENVOY OF PRIME MINISTER FUKUDA. HE HAS ASKED TO CALL ON AMBASSADOR OSBORN DURING HIS VISIT.

6. CZECH FOREIGN MINISTER VISITS (UNC)

CZECH FOREIGN MINISTER CHNOUPEK VISITED BURMA MARCH 27-30. DETAILS HAVE BEEN REPORTED SEPTTEL.

7. BURMA DONATES RICE TO LAOS (UNCL)

ON MARCH 19 THE GUB FORMALLY TURNED OVER TO THE LAO DEMOCRATIC PEOPLE'S REPUBLIC A DONATION OF 300 TONS OF RICE. THE DONATION CEREMONY TOOK PLACE AT MENG MONG, A VILLAGE ON THE MEKONG RIVER AT THE BURMA-LAOS BORDER. LT. COLONEL MYO NYUNT OF THE EASTERN COMMAND HEADED THE CONFIDENTIAL

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BURMESE DELEGATION AT THE DONATION CEREMONY. THIS IS
THE SECOND STRAIGHT YEAR BURMA HAS DONATED RICE TO LAOS.
LAST YEAR THE DONATION WAS 100 TONS.

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COMMENT: (LOU) THIS TOKEN GIFT PROVIDED THE GUB
WITH ANOTHER OPPORTUNITY TO FIRM UP ITS RELATIONS WITH
LAOS, PERHAPS IN AN ATTEMPT TO DISCOURAGE THAT GOVERNMENT
FROM PROVIDING AID OR SANCTUARY FOR BCP INSURGENTS. IT
ALSO PROVIDED A UNIQUE OPPORTUNITY FOR MEMBERS OF THE
GUB DELEGATION TO OBTAIN A FIRST-HAND GLIMPSE OF CON-
DITIONS ON THE LAOS SIDE OF THE COMMON BORDER. PERHAPS

FROM THE GUB STANDPOINT THE INTELLIGENCE GAINED FROM THE
TRIP WAS WORTH 300 TONS OF RICE.

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8. FRG AID FOR BURMA (UNC)

ON MARCH 27 GUB OFFICIALS AND THE VISITING FRG AID
DELEGATION (WEEKA #11, ITEM 5) SIGNED A MEMORANDUM OF
UNDERSTANDING ON ECONOMIC AND TECHNICAL COOPERATION
FOR THE YEARS 1977 AND 1978. THE MEMORANDUM PROVIDES FOR
CAPITAL ASSISTANCE OF DM 90 MILLION OVER THE TWO-YEAR
PERIOD AND TECHNICAL ASSISTANCE OF ABOUT DM 12 MILLION
FOR 1977. THE CAPITAL FUND, ALONG WITH A REALLOCATED
AMOUNT OF DM 64 MILLION PLEDGED IN PREVIOUS YEARS, WILL
BE UTILIZED MAINLY TO FINANCE THE CONSTRUCTION OF A UREA
FERTILIZER FACTORY, PRESUMABLY IN CONJUNCTION WITH THE
IBRD. TECHNICAL ASSISTANCE WILL BE USED FOR FEASIBILITY
STUDIES AND PROCUREMENT OF FRG EXPERTS. THE CAPITAL
AID LOAN HAS A MATURITY OF 50 YEARS INCLUDING A 10-YEAR
GRACE PERIOD WITH INTEREST OF 0.75 PERCENT. TECHNICAL
ASSISTANCE IS IN THE FORM OF GRANTS.

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Message Attributes

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